

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 AF-06 ARA-10 EA-10 EUR-12 RSC-01

CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02 NSAE-00 NSC-05

PA-02 PRS-01 SP-02 SS-15 USIA-15 AEC-07 AID-05 CEA-01

CIEP-02 COME-00 EB-07 FEAE-00 FPC-01 INT-05 OMB-01

SAM-01 OES-05 STR-04 TRSE-00 FRB-01 /143 W

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R 061525Z JAN 75

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 2174

INFO AMEMBASSY ABU DHABI

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY DOHA

AMEMBASSY MANAMA

USINT BAGHDAD

UNCLAS BEIRUT 0166

E.O. 11652: N/A

TAGS: ENRG, EFIN, TC

SUBJECT: EMIRATES' OIL & INVESTMENT POLICIES/ATTITUDES

SUMMARY: IN BEIRUT PRESS INTERVIEW, UAE FONMIN QUOTED AS RULING OUT ANY LARGE OIL PRODUCTION CUT, GIVING NVESTMENT PRIORITY TO ARAB WORLD, CALLING FOR WORLD ECONOMIC CONFERENCE TO DISCUSS CURRENT PROBLMES AND OIL PRICES. END SUMMARY

1. IN INTERVIEW PUBLISHED JANUARY 3 AL NAHAR NEWSPAPER, UNITED ARAB EMIRATES (UAE) FOREIGN MINISTER AHMED KHALIFA AL-SUWEIDI QUOTED AS FOLLOWS: ACCORDING CONDENSATION IN NEWS DIGEST THE ARAB WORLD.

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2. OIL PRUDUCTION POLICY: FOLLOWING STATEMENTS THAT

UAE UNPREPARED FOR CURRENT SIZEABLE OIL REVENUES AND UNABLE ABSORB ALL OF THEM, FONMIN SAID "WE CANNOT REJECT THIS WEALTH. NEITHER CAN WE KEEP THE OIL UNDERGROUND, PRODUCING ONLY WHAT SUITS OUR OWN REQUIREMENTS. WE CANNOT DO THIS BECAUSE WE KNOW CIVILIZATION OF THE WORLD CANNOT STAND A DECISION TO CUT PRODUCTION, LET US SAY, BY 50 PER CENT. THIS IS A QUESTION OF LIVE AND DEATH TO INDUSTRIAL WORLD AND WE, AS OIL-PRODUCING STATES, CANNOT DO THIS AND DO NOT WISH IT. WE DO NOT WANT TO DESTROY MAN'S CIVILIZATION, ALTHOUGH WE HAD BEEN DEPRIVED OF IT OURSELVES FOR MANY CENTURIES . . . WE DO NOT WANT IT SAID THAT ARABS EXTINGUISHED LIGHT OF CIVILIZATION".

3. INVESTMENT: IN RESPONSE QUESTION, FONMIN SAID PRIORITY SHOULD BE GIVEN TO INVESTMENTS IN OTHER ARAB COUNTRIES, THEN TO AFRICAN AND FRIENDLY STATES BUT HE ALSO ADVOCATED "INTEGRATED COOPERATION WITH EUROPE AND JAPAN AND ALL THE COUNTRIES OF THE THIRD WORLD". ARAB INVESTMENTS SHOULD BE DEVOTED TO REBUILDING ARAB CIVILIZATION, DEVELOPING ARAB HUMAN, MINERAL AND AGRICULTURAL RESOURCES AND FOR INDUSTRIAL PROJECTS WHICH WILL ENDURE WHEN OIL EXHAUSTED, HE ADDED.

4. WORLD CONFERENCE: STATING THAT WORLD SUFFERING FROM INFLATION BEFORE OIL PRICES ROSE, FONMIN SAID "COUNTRIES OF WORLD SHOULD MEET NOW TO DISCUSS WAYS OF SOLVING THEIR ECONOMIC PROBLEMS AND DISCUSS THE PROBLEM OF OIL PRICES IN RELATION TO PRICES OTHER RAW MATERIALS." HE QUOTED AS SAYING OIL COMPANY PROFITS MUCH GREATER THAN THOSE OF OIL GOVERNMENTS, ASSERTING THAT PRODUCER GOVERNMENTS WELLS THEIR OIL AT ONE-TENTH OF ITS MARKET PRICE AND THAT NINE-TENTHS OF MARKET PRICE ARE COMPANY PROFITS AND CONSUMER TAXES.

5. IN OTHER INTERVIEWS, SAME NEWSPAPER QUOTED UAE FONMIN MOHAMMED AL-JABROUSH AS SUPPORTING INFLATION-PROOF INVESTMENTS IN REAL ESTATE AND NON-OIL INDUSTRY AND UAE ADVISOR ADNAN PACHACHI AS SAYING ARAB INVESTMENTS SHOULD PROMOTE ARAB ECONOMIC INTEGRATION.

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